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SIPDIS

STATE FOR AC/CB, NP/CBM, VC/CCB, L/ACV, IO/S  
SECDEF FOR OSD/ISP  
JOINT STAFF FOR DD PMA-A FOR WTC  
COMMERCE FOR BIS (GOLDMAN)  
NSC FOR JOECK  
WINPAC FOR LIEPMAN

E.O. 12958: N/A

TAGS: [PARM](#) [PREL](#) [CWC](#)

SUBJECT: CHEMICAL WEAPONS CONVENTION (CWC): WRAP-UP FOR THE  
37TH EXECUTIVE COUNCIL SESSION OF THE OPCW

REF: STATE 140663

This is CWC-83-04.

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SUMMARY  
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1. (U) The U.S. accomplished all of its objectives at a very successful 37th Executive Council (EC) session. The requests from Libya and Albania for extension of their destruction deadlines were adopted. Agreement was reached on a larger Working Capital Fund with a longer replenishment period, and there was also consensus on revised Financial Rules and Regulations. Finally, there was extensive informal discussion of the proposed technical change to allow conversion of the Rabta facility in Libya (septel). In addition, a number of administrative and technical issues were resolved by the EC. The result ensures that in the run-up to the October EC, the focus will be on two key issues: the 2005 budget for the OPCW, and the anticipated formal request for the technical change on Rabta conversion. End Summary.

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AGENDA ITEM THREE: DG STATEMENT  
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2. (U) Director General Pfirter's statement focused on budget reform, the OPCW's growing world image, program delivery and management reform of the Technical Secretariat (TS). The DG noted India's destruction efforts, adding that it is very likely India would destroy its stockpile before the necessary end date. The DG expressed a desire for more involvement from African countries in the coming year. The DG raised the proposed 4.8% increase in the operating budget for 2005. He noted that annual assessments would rise less than 4.4% and commented that the number of inspections is expected to rise some 17% in 2005. The DG said the TS is addressing the concerns of the States Parties and implementing changes in the TS. He asked for patience, emphasizing that he is moving as quickly as the Convention allows in implementing administrative changes. The DG concluded his statement addressing the importance of amending the Working Capital Fund and referred to it as "crucial" to the success of the organization.

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AGENDA ITEM FOUR: GENERAL DEBATE  
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3. (U) General debate of EC-37 opened with the U.S. statement delivered by Ambassador Javits. Fifteen other countries then went on to deliver opening statements, most welcoming and pledging support to Jose Antonio Arrospeide Del Busto (Ambassador of Peru) as the new EC Chairman. The other key issue in the statements was the proposed 2005 Budget and the new Results Based Budgeting (RBB) format. Most comments focused on requests for justification and clarification on how the proposed budget was formulated. In addition, India expressed concern over the morale of the TS staff. Malaysia and Algeria had concerns about the geographic composition and distribution of TS staff posts. Of minor note, Cuba called for the UNSC to stay out of the arms control business (referencing UNSC resolution 1540), and focus on other issues.

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AGENDA ITEM FIVE: STATUS OF IMPLEMENTATION OF THE CONVENTION  
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4. (U) The EC noted the 2003 verification implementation report and the corrigenda which included U.S. comments.

5. (U) The DG's report on the status of Article X and XI implementation also was noted, and the U.S. delegation made an intervention per instructions in reftel.

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AGENDA ITEM SIX: DRAFT REPORT OF THE OPCW  
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6. (U) The Council agreed to note this document with no substantive discussions.

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AGENDA ITEM SEVEN: LIBYAN AND ALBANIA EXTENSION REQUESTS  
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17. (U) The EC approved the requests by Libya and Albania for extensions of their respective Category 1 destruction deadlines. There were minor technical changes proposed by the FRG, which were acceptable to Washington. The issue of site visits did not arise.  
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AGENDA ITEM EIGHT: DETAILED PLANS FOR DESTRUCTION  
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18. (U) Russia asked that the detailed plan for Aberdeen be deferred to EC-38. The EC approved the plan for Dugway Proving Ground. And the EC approved the detailed plan for destruction of Category 2 CW at the Al-Jufra CWDF in Libya, which included the amendment requested by Washington in the guidance cable.  
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AGENDA ITEM NINE: DESTRUCTION OR CONVERSION OF CWPFS  
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19. (U) The Council noted that no objection had been raised on two notifications of changes at former CWPFS: (1) A State Party's changes to chemical process equipment at a converted facility and (2) the Russian Federation's changes in the production activity at the former CWPFS (loading chemical submunitions into munitions) at Novocheboksarsk. The Council also noted the information submitted on June 8, 2004 by the TS on the progress made at former CWPFS undergoing conversion.  
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10. (U) Deloffs Susan Ryan and Bob Metcalf met with Russian officials to seek responses to the U.S. June 2004 questions (STATE 125008) regarding the May 4, 2004 notification of changes to the former CWPFS (loading chemical submunitions into munitions) at Novocheboksarsk and to obtain a status of five Russian CWPFS. Alexander Gorbovskiy (Federal Agency for Industry) provided a written response to the U.S. questions and clarified several answers. (Note: Copy of the Russian language text and an unofficial English translation were provided to the CWC Del and sent to Washington. End note.)

11. (U) The VX Production Facility (Building 350) at Novocheboksarsk is scheduled to be destroyed by April 29, 2007. Both the former Volgograd sarin and soman production facilities are undergoing conversion to manufacture insecticides and herbicides. As the joint stock company that now owns these facilities is suffering from financial problems, Gorbovskiy anticipates the former CWPFS will not be converted before the end of 2005. The destruction of the former munitions fillin facility (Building 602) is complete with the exception of two reinforce concrete bunkers. The completion of destruction will be "no earlier than the end of 2004." Aerosol sprays will be produced in the former Volgograd CWPFS for the assembly of non-chemical parts (Building 601). Details will be provided in the forthcoming documentation submitted to the TS. Pressed by the U.S. for an updated schedule of remaining conversion activities, Gorbovskiy responded that updated schedules would be provided in forthcoming TS documents. The Russian Federation intend to submit a combined plan for the conversion and verification of Buildings 301, 302, 601, and 604 at Volgograd as well as additional notifications of changes.  
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AGENDA ITEM TEN: FACILITY AGREEMENTS  
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12. (U) Russia deferred action on the Aberdeen facility agreement to EC-38. The facility agreement for Dugway was approved by the Council. Despite early interventions by the Italian and Iranian delegations, the EC approved both the Australian and Singaporean Schedule 1 Facility Agreements. The Italians intervened to signal their displeasure with the negotiation process pursued by the TS. The Italian delegation reviewed with the Del their disappointment that, during negotiation of their Schedule 2 FAs, the TS insisted that language regarding the frequency and intensity of inspections be included in the agreement, whereas similar language appeared missing in the Schedule 1 FAs before the Council. Both the Italian and Iranian delegations were also concerned that the proposed Facility Agreements deviate from the Model Facility Agreement.  
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AGENDA ITEM ELEVEN: CHEMICAL INDUSTRY ISSUES  
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13. (U) The EC adopted report language to encourage the TS to establish criteria to use in considering when to pursue facility agreements. The EC further recommended that, when considering criteria for negotiation of facility agreements, the TS consider the input received from the inspected State Party. The Delegation noted the U.S. understanding of the text will apply to new Schedule 2 facilities and will also significantly reduce the number of facility agreements currently under negotiation.

14. (U) Anticipated EC report language regarding marking declared chemicals in the Handbook on Chemicals was not tabled by the facilitator (Ruck, FRG). The facilitator indicates he will table language for inclusion in the report for EC-38.  
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AGENDA ITEM TWELVE: LIST OF NEW VALIDATED DATA  
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15. (U) The EC approved the note by the DG on the lists of new validated data for inclusion in the OPCW Central Analytical Database.

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AGENDA ITEM THIRTEEN: AGREEMENTS ON PRIVILEGES  
AND IMMUNITIES OF THE OPCW  
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16. (U) The EC considered and approved the privileges and immunities agreements with Mauritius and Malta. Before approval, the Delegation noted the U.S. position as outlined in the guidance cable. Japan followed with a statement that mirrored the U.S. sentiment.

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AGENDA ITEM FOURTEEN: REPORT OF THE OIO  
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17. (U) The EC noted the OIO report, and the U.S. made the points provided in the guidance cable.

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AGENDA ITEM FIFTEEN: FINANCIAL ISSUES  
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18. (U) The EC noted the DG's reports on income and expenditure for February 29, March 31, April 30 and May 31. It also noted the TS report on non-service incurred death and disability insurance.

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AGENDA ITEM SIXTEEN: AMENDMENTS TO THE FINANCIAL REGULATIONS  
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19. (U) Most important for the U.S., the draft decision on proposed amendments to the Working Capital Fund was adopted by the EC, raising the amount of the Fund and substantially extending the period over which the TS must repay any funds drawn from the WCF.

20. (U) As reported to Washington, the Indian delegation informed the EC at its opening session that it had difficulty with the use of the word "contributions" in the proposed amendments to the Financial Regulations. After lengthy discussions, India agreed to an explanatory footnote that would be included in the regulations simply stating that

(Begin footnote) Under this definition, "contributions" means (a) amounts assessed on States Parties under the provisions of Article VIII of the Convention, and (b) payments by States Parties of verification costs based on invoices issued by the Secretariat subsequent to the verification activities undertaken under the provisions of Articles IV and V of the Convention. (End footnote)

21. (U) India also asked that the word "contested" be substituted for the word "disputed" on the relevant sections involving Article IV/V invoices. Both the inclusion of the footnote and use of the word "contested" were approved by Washington. With those changes, the Financial Rules and Regulations were adopted.

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AGENDA ITEM SEVENTEEN: ABAF  
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22. (U) The EC noted the ABAF report. The discussion then turned to the ABAF recommendation on reclassification of the posts of Special Assistant, Verification Division and Special Adviser, Administration Division. With Washington's approval, agreement was reached on a decision that approved the reclassification of these jobs at the D-1 level, but specifically noted that both would revert to the original level of P-5 upon departure of the incumbent.

23. (U) Following adoption of this decision, the DG made a strong statement urging delegations to provide him with the authority to reclassify positions. He noted that this power had been taken away from his predecessor, but argued that such reclassification authority is important to allow for effective management and personnel decisions. Ambassador Javits made a statement from the floor expressing support for the general principle of returning to the DG the position reclassification authority for lower and mid-level positions. (Note: We fully anticipate that the DG will return to this issue again, and that it will be an important item for discussion possibly at the next EC. End Note.)

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AGENDA ITEM EIGHTEEN: PROVISIONAL AGENDA OF THE NINTH SESSION OF  
THE CONFERENCE OF STATES PARTIES  
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24. (U) The EC considered and approved document EC-37/DG.11, the provisional agenda of the ninth session of the CSP, with no debate. The Ninth CSP is scheduled to take place from 29 November to 3 December 2004.

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AGENDA ITEM NINETEEN: DATES FOR REGULAR  
SESSIONS OF THE EXECUTIVE COUNCIL IN 2005  
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¶25. (U) Following approval from Washington, the EC considered and approved the following dates for its regular sessions in 2005: 40th session: 15 - 18 March; 41st session: 28 June - 1 July; 42nd session: 27 - 30 September. All members except South Africa agreed to the U.S. proposal to move the 43rd session dates from 6 - 9 December to 13 - 16 December.

South Africa informed the Council that moving EC-43 to that date would make it exceedingly difficult for the delegation to receive instructions for that particular Council session. Due to the South African objection, the EC agreed to defer a decision on dates for EC-43 until the next Council meeting.

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AGENDA ITEM TWENTY: ANY OTHER BUSINESS  
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¶26. (U) Libyan Ambassador Sahli urged all Council members to support the proposed technical change to the Convention to allow the conversion of the Rabta CWPFF to peaceful purposes. She added that Libya plans to submit its formal request for conversion by mid-July for consideration by EC-38. Tunisia, Sudan, and Algeria expressed their support for the proposed technical change.

¶27. (U) The Council requested that the issue of late submissions of declarations be placed on the plan of activities for intersessional consultations. Although there is agreement that the issue is ripe for consideration, informal discussions indicate that States Parties are unsure as to which cluster this issue should be tasked. Pakistan indicated a preference for the issue to be considered in the legal cluster, but France and Germany intervened to insist that the issue be tasked to the industry cluster for consideration. The EC Chair supported this suggestion that the Bureau task the issue to the industry cluster.

¶28. (U) Javits sends.

SOBEL